GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2910
ANSWERED ON:22.12.2003
CONTRACT FARMING
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of AGRICULTURE be pleased to state:

(a) the steps taken by the Government to identify the defaulting multinational companies and others who are engaged in contract farming in different parts of the country; and

(b) the action taken against them?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): Contract farming arrangements of different types have existed in the various parts of the country for centuries for both subsistence and commercial crops. The Commercial Cropslike sugarcane, cotton, tea, coffee etc. have always involved some forms of contract farming. Even in the case of some fruit crops and fisheries, contract farming arrangements, involving mainly the forward trading of commodities have been observed. Contract farming is becoming an increasingly important aspect of agribusiness, whether products are purchased by multinationals or by smaller companies. There are few success stories on contract farming such as Pepsico India in respect of potato, tomato, groundnut and chili in Punjab, Safflower in Madhya Pradesh, Oil palm in Andhra Pradesh, seed production contracts for hybrids seed companies etc. which helped the growers in realization of better returns for their produce. Other success stories of contract farming are milk procurement by Amul and NDDB.

(b): Since there is no ban on contract farming in the country, the question of taking action against contract farming companies does not arise.